

**Page Denied**

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18 MAY 1981

MEMORANDUM FOR: Director, Consolidated SAFE Project Office, ODP

STAT FROM:

[REDACTED]  
Chief, Real Estate & Construction Division, OLSUBJECT: SAFE Computer Center Renovation Change Order  
Costs

- REFERENCES:
- A. Memo for C/CSPO/ODP fm C/RECD, dtd 18 Mar 81, Subj: Status of SAFE Site Construction Costs
  - B. Memo for C/RECD/OL fm D/CSPO/ODP, dtd 20 Apr 81, Subj: SAFE Computer Center Renovation Change Order Costs

1. It is with concern that I read your memorandum, dated 20 April 1981 (Reference B), in which you stated that, "... inadequate planning and analysis ..." led to an "... inordinate number of change orders and additional costs ..." during the construction of the SAFE Phase I computer facility. In order to respond to this point, let me briefly review the process through which this facility design was accomplished. The General Services Administration (GSA) selected the architect-engineer (A-E) firm of Mills, Claggett and Wening who subcontracted the mechanical and electrical design work to the firm of Benbassat and Sporidis. The A-E was paid the standard design fee but requested additional funds to conduct more intensive survey work. GSA refused this request as a matter of policy and directed the A-E to utilize the existing site drawings and survey only as necessary to complete the project.

2. Real Estate and Construction Division (RECD) engineers reviewed the conceptual aspects and general layout of the A-E's work; however, RECD is not staffed to accomplish a physical validation of all details of the A-E's design. Indeed, if RECD were staffed for this degree of effort, the design work could be accomplished in-house. RECD and GSA must therefore rely on the A-E to perform his work within professionally acceptable standards consistent with contractual tasking and review. In cases where some professional quality is lacking in the A-E's work, and is not evident in the review process, more change orders are to be expected during the construction phase. I mention these facts not as an apology, but merely to describe to you the present system for facility construction.

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SUBJECT: SAFE Computer Center Renovation Change Order Costs

3. Your memorandum specifically referred to eleven change orders for which a final price determination had been made. In addition to these, Reference A also lists ten additional change orders for which a final price determination has not been made. Of these 21 change orders:

- a. Twelve may be attributed to inadequate survey work (Paragraph 1, c.o.'s 2, 3, 4, 8, 9, 11; Paragraph 2 (b), (c), (e), (f), (i), and (j) at a total cost of \$154,249 - the major item, the installation of electrical bus duct in lieu of conduits for \$100,000, is sufficient to handle part of the Phase II power requirement and thus eliminate this part of the work from Phase II construction. Additionally, this latter item must be done now in order to provide power to Phase I. It cannot be enlarged later due to space limitations in the utility tunnel;
- b. Two are credits (Paragraph 1, c.o. 7, Paragraph 2 (a) at a reduction of \$3,694;
- c. Five are the result of design error (Paragraph 1, c.o.'s 1, 5, 10; Paragraph 2 (d), (g) at a cost of \$25,629;
- d. One (Paragraph 1, c.o. 6), at a cost of \$14,116, was required due to a conflict with the "C" Vault expansion project which supports SAFE;
- e. A pending change order listed in Paragraph 2 (h) at \$5,000 is to allow the SAFE contractor rather than the Uninterruptible Power System (UPS) vendor to install the UPS units in this area to expedite installation;
- f. The transfer of \$3,900 under Paragraph 1 (h) was to allow the Headquarters Building GSA forces to efficiently complete those minor tasks inevitably required in projects such as these, instead of having to write a work request for each task. It should be pointed out that elimination of all of the above items would not have returned all of these funds back to the project. The majority of this work is a basic requirement to complete the project and if it had been included in the original design, the original contract price would have been appropriately higher. Of course, accomplishing this work via the change order route is certainly less efficient than properly incorporating it into the design initially.

SUBJECT: SAFE Computer Center Renovation Change Order Costs

4. As you recall, \$400,000 of the total funds originally provided to GSA for construction was withdrawn at your request in August 1980. In my response to this request, dated 28 August 1980 (attached), you were advised: "I, therefore, caution you that while the short-range effect of recovery of the excess funds for other uses is believed possible, the long-range spectre of unexpected costs beyond remaining available funds and resultant delays is also a possibility of which you must be aware." When modifying an existing building, the element of unknown is always greater because some items on existing drawings seem never to be quite where they are shown. Since you insisted on the funding reduction and withdrawal contrary to my advice, I cannot now support your contention that RECD and/or GSA should be obligated to fund for the required changes subsequently identified.

5. In any event, RECD has no funds for this purpose and even if GSA should be successful in legal redress against the A-E for his errors and omissions, the most optimistic outcome would be punitive rather than of any practical help in achieving our construction objective. As things presently stand, it appears that funds already provided for Phase I may be sufficient to sustain the project through the events described in Reference A. Assuming that your final sentence in Paragraph 5 of Reference B alludes to future changes, we will henceforth operate within presently available funds. If they should become exhausted, we will simply notify you of the anticipated impact on timely delivery of a complete and usable facility.

6. I certainly agree to your request for a quarterly reporting of construction funding as requested in Reference A. If you would like to discuss these issues further, please give me a call.

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Attachments

cc: 1 - D/ODP  
1 - C/PP&ES/PMES/NFAC

28 AUG 1980

MEMORANDUM FOR: Director, Consolidated SAFE Project  
Office, ODP

STAT  
FROM:

[REDACTED]  
Chief, Real Estate and Construction  
Division, OL

SUBJECT: Funding for Phase I Construction of the  
SAFE Computer Center

1. This memo is in regard to yours of 12 August 1980 requesting recovery of the funds presently in the hands of General Services Administration (GSA) which are in excess to the requirements for Phase I construction. My project officer, [REDACTED], is preparing a letter and amended work authorization to GSA to recover these funds as requested. Based on verbal negotiations thus far, it is my belief that we may expect to get approximately \$400,000 back from this effort. You are advised not to attempt utilization of these funds for other purposes in FY-80 until official documentation is received from GSA de-authorizing such funding from their system.

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2. There are two concerns which I must bring to your attention. One, of course, is that we ensure that Phase II funding will be available in a timely fashion to avoid disruption to the total project development. A more troublesome and perhaps more difficult to control problem is one of the real issues of unexpected costs arising from potential contractor claims for delays resulting from such things as lack of sufficient security escorts. Please note the options of (1) project delay or (2) assurance that delay claims will be funded by this Agency explicitly mentioned in the 20 June letter from Mr. Huber of GSA Operations Branch attached. My answer to Mr. Huber dated 21 August 1980 is also attached. An exchange of correspondence between the Director of Logistics, Director of Security and Director of Personnel Policy, Planning and Management on this is useful in describing the dimension of the problem but not totally encouraging in providing the solution. Neither we, nor any of the above, have planned or set aside funds for this purpose.

3. I, therefore, caution you that while the short-range effect of recovery of the excess funds for other uses

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SUBJECT: Funding for Phase I Construction of the  
SAFE Computer Center

is believed possible, the long-range spectre of unexpected costs beyond remaining available funds and resultant delays is also a possibility of which you must be aware. A copy of my letter to Repair and Alteration Division of GSA requesting the return of excess funding is also attached.

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Attachments:  
As Stated

ODP-81-496  
SAF-E276-81  
20 April 1981

MEMORANDUM FOR: Chief, Real Estate and Construction  
Division/OL

STAT FROM :   
Director, Consolidated SAFE Project  
Office/ODP

SUBJECT : SAFE Computer Center Renovation Change  
Order Costs

REFERENCE : Your Memo for Chief, CSPO/ODP, dated  
19 March 1981, Subject - Status of SAFE  
Site Construction Costs

1. After reviewing the referenced memorandum, it appears that most of the SAFE renovation change orders are the result of inaccurate architectural and engineering design factors and/or architectural and engineering analysis oversights. It is imperative that more thorough analysis be performed on future work to avoid future increases in planned cost. Further, please provide quarterly reports to facilitate better accounting of SAFE Project funding obligations.

2. The eleven change orders, cited in the referenced memorandum, appear to fall into one or both of the categories, cited above. Inadequate analysis of Headquarters Building facilities and inaccurate architectural and engineering drawings apparently are the causes of most of these changes. As a result, the customer (NFAC) is required to provide indemnity funds for oversights of RECD, GSA, the architect and construction contractor. This procedure places a requirement for elastic funding which is not consistent with the budget process.

3. While unforeseen changes are apt to be required in an engineering and construction effort, change orders that result from an unsatisfactory design review process, prior to the construction contract bid and solicitation, should not be considered the responsibility of the customer. It would be expected that normal contingency provisions would cover infrequent occurrences of unforeseen changes.

11 1 1984

4. In summary, our analysis of the referenced memorandum indicates that inadequate planning and analysis has led to an inordinate number of change orders and additional costs borne by the customer. It does not seem reasonable that the customer should be obligated to provide resources for this purpose. RECD and/or GSA should be obligated to fund for changes that are the result of their oversights.

5.. It is requested that quarterly reports on change order activities and costs be provided so that we can better account for SAFE Project renovation funding. Further, please take actions to obtain funds from other than SAFE sources for changes that are the result of revisions not requested by the customer. . .

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18 MAR 1981

MEMORANDUM FOR: Chief, Consolidated SAFE Project Office,  
ODP

FROM:

[REDACTED]  
Chief, Real Estate and Construction  
Division, OL

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SUBJECT: Status of SAFE Site Construction Costs

1. Regarding telephone conversations among Messrs. [REDACTED] and the undersigned, the following is a review of how the General Services Administration (GSA) has used the funds provided for the site preparation work for Project SAFE.

a. GSA design management and contract  
bidding administration \$ 56,900

b. GSA travel in connection with  
paragraph a. above \$ 305

c. GSA printing costs for construction  
plans, specifications, and bidding  
documents \$ 4,666

d. A&E cost for preparing plans  
and specifications \$ 128,262

e. Construction Contract Award  
price \$ 980,000

f. GSA construction supervision \$ 36,701

g. Change Orders  
c.o.1 Requirement for security  
mesh above partitions \$ 4,000

c.o.2 Route electrical riser  
from "D" Vault in stairwell instead  
of in existing electrical riser  
because of congestion in the  
present closets \$ 3,297

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SUBJECT: Status of SAFE Construction Costs

c.o.3 Same as c.o. 2 above  
but for service from Vaults "A"  
and "C" and for some electrical  
changes in "A" Vault \$ 9,054

c.o.4 Additional demolition not  
shown on the drawings including  
office walls in Battery Room area,  
sinks, fire hose cabinet, electrical  
closet and panels \$ 12,494

c.o.5 Change in acid drain in  
Battery Room \$ 2,600

c.o.6 Change in chilled water  
line routing due to conflict with  
"C" Vault construction \$ 14,116

c.o.7 Reduce quantity of acid  
drain including demolition and  
repairs - Credit \$ (1,694)

c.o.8 Change in electrical  
riser from "B" Vault as was done  
in other risers \$ 3,852

c.o.9 The electrical in-floor  
ducts were found to be more extensive  
than shown on the drawings causing  
additional cost for removal and  
repair \$ 2,855

c.o.10 Alter elevations of  
chilled water lines at 3 crossings  
to pass one line beneath the other \$ 4,059

c.o. 11 Change air conditioning  
supply and return ducts at the  
Escalator Room \$ 1,046

SUBJECT: Status of SAFE Construction Costs



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2. In addition to the expenditures above, there are the following additional changes pending. These changes are not yet numbered and the prices are not firm.

a. Revision to accoustical ceiling for a credit	\$	(2,000)
b. Raise plaster height from exist- ing point to new ceiling height, approx. 6 inches in majority of Phase I area	\$	5,000
c. Patch plaster at columns in Battery Room	\$	2,000
d. Increase depth of acid pit	\$	5,000
e. Raise existing electrical conduit passing through contract area	\$	1,650
f. Claim by contractor to accomplish repairs to underfloor duct	\$	10,000
g. Changes to explosion proofing the Battery Room	\$	10,000
h. Bring UPS into UPS Room	\$	5,000
i. Install bus duct from "C" Vault to UPS including service for Phase II	\$	100,000
j. Lower ceiling in E corridor to accommodate piping needs	\$	3,000
	\$	<u>139,650</u>

**SUBJECT: Status of SAFE Construction Costs**

**3. Summary**

**Funds transferred to GSA**

FY77	108,200
	1,027,000
FY80	7,000
	5,500
	516,600
	(400,000)
FY81	<u>155,000</u>

**\$1,419,300**

**Funds used or identified to be used  
by GSA as of 27 February 1981**

1,266,413
<u>139,650</u>

**Contingency Remaining**

<u>\$1,406,063</u>
\$ 13,237

4. The ongoing nature of construction work will be that additional changes will be needed and that the cost of estimated changes may vary. As examples of this, the following is forecast from GSA for your information.

a. The actual change order cost for the bus duct work has been negotiated down from \$100,000 to approximately \$89,000.

b. The explosion proofing work for the Battery Room has been reexamined and redesigned. The final cost for this work is now expected to drop from \$10,000 down to the \$2,000 - \$3,000 range.

c. The need to increase the depth of the acid drain pit now appears to be unnecessary and may not become a change.

SUBJECT: Status of SAFE Construction Costs

d. An areaway shown on the drawings to be existing does not in fact exist. To construct the areaway is estimated to be in the \$4000 - \$6,000 range.

e. A temporary wall may be required around the air handler that is installed to serve Phase II on a temporary basis to reduce the impact of Phase II construction on an operational Phase I area.

5. I hope that this information will be helpful to you in tracking the site preparation increment of Project SAFE. If you desire, I can provide you with an updated accounting on a quarterly basis for the remainder of the site preparation work for Phase I and for Phase II. The update would be in essentially the same format as this memorandum. Should you need further information, please advise.



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